Drug chain TV advertising budgets growing

Top 15 chain drug TV advertisers

Company	1984	1983	% change
1. Eckerd	$12,081,700	$11,514,900	+ 5
2. Thrifty	4,483,400	4,727,400	− 5
3. Revco	4,360,500	5,624,400	− 22
4. Walgreens	3,966,000	2,822,200	+ 41
5. Peoples	2,483,700	2,227,900	+ 11
6. Sav-On	2,483,600	847,000	+193
7. Thrift	2,374,100	2,917,900	− 19
8. Longs	2,333,600	1,045,100	+ 14
9. Pay Less NW	1,953,300	2,081,100	− 6
10. CVS	1,856,600	2,265,400	− 19
11. Drug Emporium	1,578,100	1,153,700	+ 37
12. Treasury	1,373,200	762,600	+ 80
13. Pay 'n Save	1,365,200	1,458,400	− 6
14. Osco	1,177,100	1,015,000	+ 16
15. Genovese	981,400	1,021,400	− 4

Source: Television Bureau of Advertising

NEW YORK — The millionaires club of drug chain advertisers grew last year as 14 chains spent more than $1 million in television advertising.

The Top 15 chain drug TV advertisers spent a combined $58.7 million on local spot television in 1984, a 7% increase over the 1983 expenditures, according to the Television Bureau of Advertising.

Eckerd Drug, the nation's top drug store advertiser, spent more than $12 million in the 42 different television markets the drug chain serves in the Southeast and Southwest.

"We like to use TV to add reinforcement to our print advertising," says Eckerd's supervisor of broadcast, Kevin Weinman. "It's also a good break-through medium to reach the people who we normally wouldn't reach in newspaper advertising."

For those same basic reasons, other drug chains with high concentrations of stores in specific broadcast markets, are also finding that television is a viable complement to all other forms of advertising.

While Eckerd was increasing its 1984 TV ad dollars by 5%, the No. 2 TV advertiser, Thrifty Drugs, decreased its expenditures by 5% to about $4.5 million.

Of the Top 15, eight chains increased their expenditures in 1984. Sav-On led the group with an increase of 193%. Treasury joined the million dollar spenders by increasing its budget by 80%.

Revco led the seven who decreased TV budgets last year by cutting its expenditures by 22%. Thrift and CVS both spent 19% less. Genovese lost its million dollar status by cutting spending 4%.

The two most popular drug store departments advertised last year were the pharmacy and cameras/photo processing.

While many chains' TV efforts concentrated on one area of business, Eckerd didn't. "We use TV to sell Eckerd Drugs," says Weinman, "and that includes all types of selling . . . price-item, conceptual, image and specific categories."

Introducing...

NEUTROGENA®
ACNE MASK

...with the therapeutic action of benzoyl peroxide, the most effective acne medication available without a prescription. *Plus* the important oil-absorbing feature of a facial mask.

- **Dermatologists will recommend it because it works**
- **Teenagers will love it because they will see and feel it work**

Fully supported by Neutrogena's nation-wide detailing to dermatologists, advertising in leading dermatological journals, heavy mail support and strong merchandising programs.

Contact your Neutrogena representative for full introductory details.

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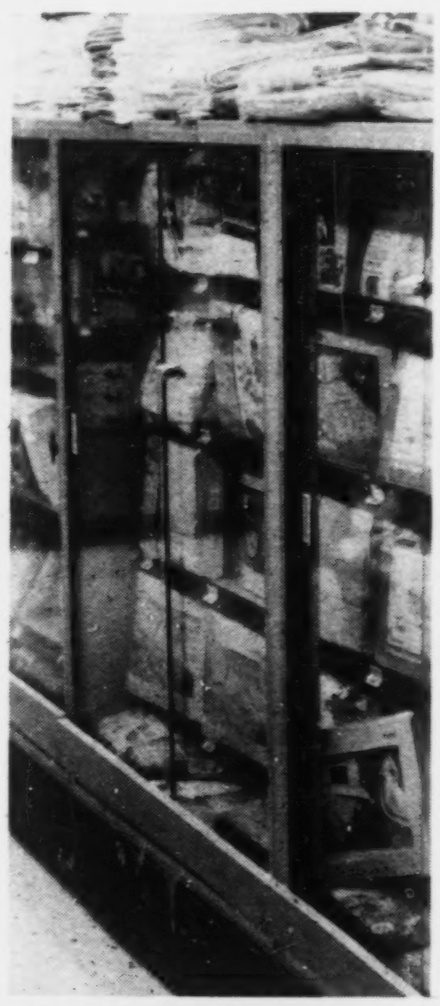

Sheets under lock and key at Thrifty

LOS ANGELES — Thrifty Drug has installed locked cases for upscaled domestics in selected stores.

The glass cases range in size from 9 to 12 ft. (depending on the size of store), and price points are from $12.99 to $44.99.

Typical: three-piece twin set (one twin flat sheet, one twin fitted sheet and a standard pillowcase), $21.99. Typical of the top-of-the-line is king or queen four-piece set (flat sheet, fitted sheet and two pillowcases), $44.99.

The locked glass case adjoins the regular domestics section.

Demographics in the area determine whether the upscale line is installed. For example, Thrifty's No. 1 volume store, in a middle-income neighborhood, has a 12-ft. case; whereas the No. 2 volume store in a low-income area does not.

Principal drawback to the new locked-case section is that in today's tight-labor-controlled store, it is sometimes time-consuming for shoppers to find a staff member to unlock the case. However, a Thrifty district manager says that this has not been a problem thus far.

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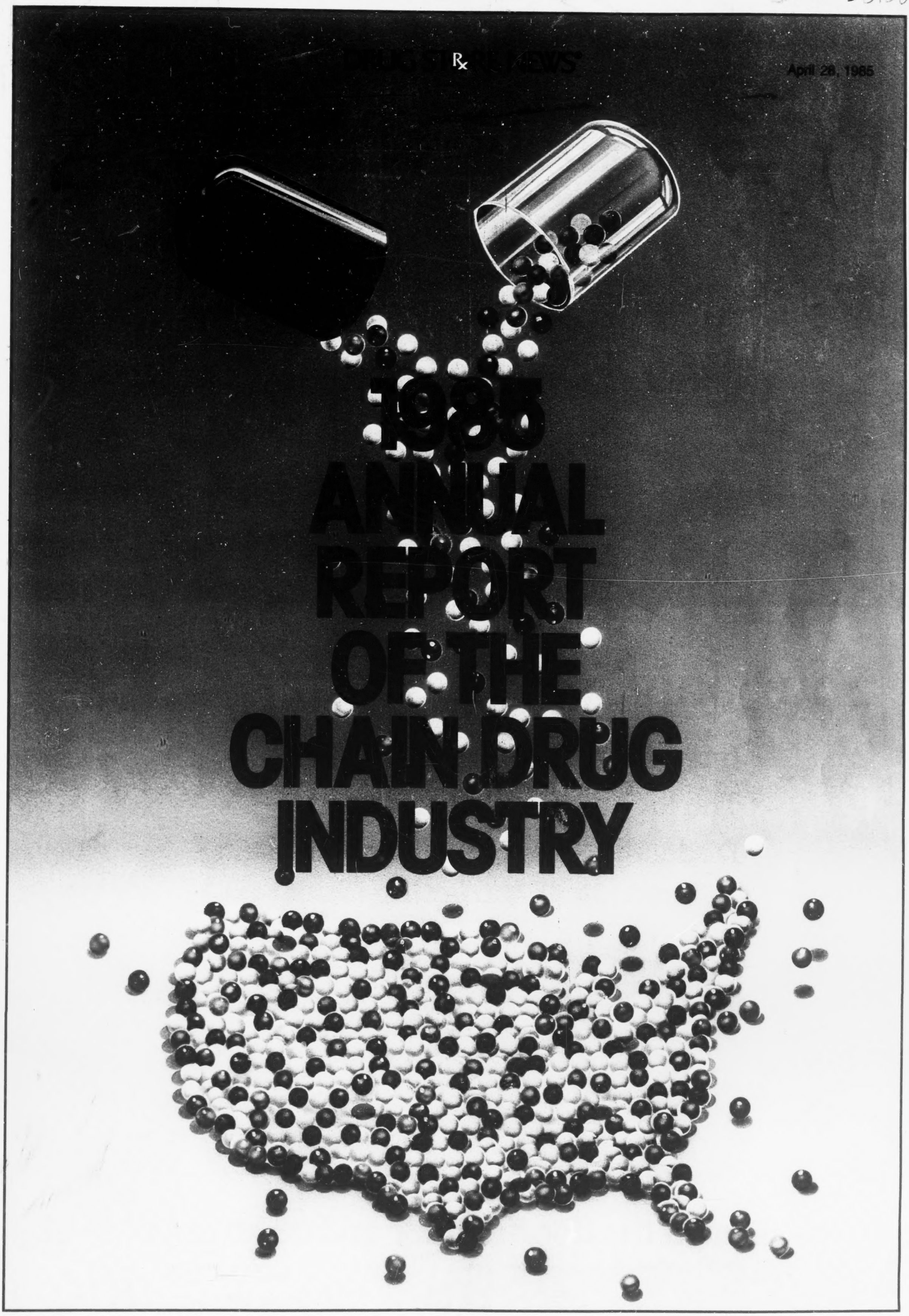
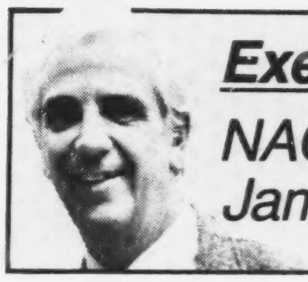
Rx DRUG NEWS

April 28, 1985



1985 ANNUAL REPORT OF THE CHAIN DRUG INDUSTRY



Executive profile:
NACDS chairman James Harrison-p. 2

Pharmacy:
Group urges change in Medicaid bill—p. 213

Special Report:
DrSN *seminar focuses on back-to-school—p. 204*

DRUG STORE NEWS®

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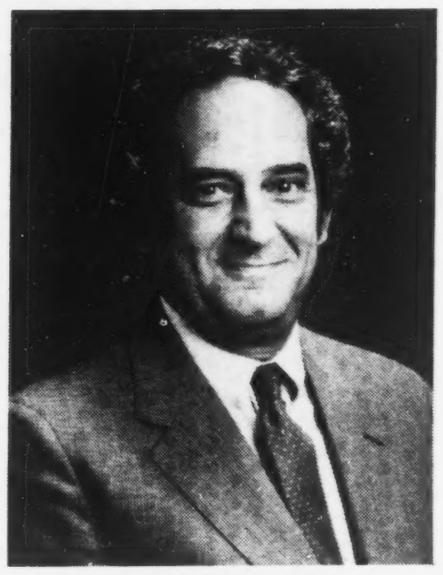
Eckerd's Lambert outlines plan to insure 'customer comes first'



Harry Lambert
Eckerd president

CLEARWATER, Fla. — Eckerd Drug, convinced by a strong financial showing in 1984 that changes in merchandising and operations have strengthened the company, is launching a series of new services designed to accommodate shoppers' needs.

In an interview with *Drug Store News*, president Harry Lambert outlined a series of new programs that he said were intended to rearrange management's objectives so that the customer "always comes first."

These include:

- Expanding a newly implemented customer service program to all stores by June 1.
- Expanding the use of centralized checkouts in selected new and remodeled stores.
- Increasing expenditures for pharmacy advertising and continuing to market pharmacy, "our No. 1 franchise," directly to the needs of today's changing shoppers;
- Continuing to expand and consolidate marketing research so that Eckerd can identify "early on" the changing needs of shoppers.
- Experimenting with more segmented marketing to better service customers with special interests such as cos-

Continued on page 253

Chains increased their share of total drug store industry sales by two percentage points last year. For the rest of *Drug Store News*' 1985 Annual Report, turn to page 61.

Pharmaprix clue to future of SDM

By Jim Ricchiuti

MONTREAL — The opening of two new Pharmaprix Carnaval deep-discount stores here underscores Shoppers Drug Mart's commitment to exploring alternative retail drug formats.

Although the deep-discount test, once codenamed "antelope" when it was in the R&D stage, has received the most attention, Shoppers earlier this month quietly unveiled its latest project—the "kangaroo."

The kangaroo is the chain's name for a Shoppers Drug Mart store with a 1,500-sq.-ft. convenience food department. Opened in Halifax, Nova Scotia, the 10,000-sq.-ft. store is called Shoppers Drug Mart Food Basket.

Continued on page 254

Arbor's new merchandising strategy

Arbor's latest decor package is designed to meet its customers' needs for "convenience and attractiveness." The chain is using a new blend of reds and yellows to create a high-tech look. (See story page 3.)

Osco banner to fly above 108 Skaggs

SALT LAKE CITY — American Stores has moved another step closer to centralizing its drug store division.

From now until the end of fiscal 1986 next February, American will be converting all 108 of its super-sized Skaggs drug centers into Osco drug stores. The transformation will give American over 350 drug stores operating in more than 30 states under one name and one logo.

It will eliminate duplications in services and operations while allowing American to reduce the cost of its various advertising programs.

After the conversion is completed, company executives will decide if they want to make the same change with the 176 Sav-On drug stores now operating in California.

"We chose the Osco name because that division had the largest number of stores in the most states," said Mike Miller, senior vp.

Miller also said that all the signage and decor packages in the Skaggs stores will be changed to conform to the Osco format. The merchandising mix, however, will probably not be changed.

"The merchandising schemes of Osco and Skaggs are already very similar," he said, "at least in terms of display."

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LATE NEWS....LATE NEWS....LATE NEWS

THE WALGREEN CO. announced a 2-for-1 stock split in the form of a 100% stock dividend payable May 8 to stockholders of record April 24. This is the company's third since 1982.

McKESSON CORP. will acquire Spectro Industries for approximately $161 million. The $20 a share bid for the Jenkintown, Pa.-based drug wholesaler, which for the year ended March 31 had estimated sales of $450 million, has been approved by the boards of both companies. The acquisition will mean that 60% of McKesson's revenues and more than 50% of its net earnings will come from health care-related businesses.

AT&T taps chains with DIY accessories See page 32

Promo will magnify reading glass sales See page 211

Feds urged to probe HMO drug diversions

WASHINGTON — The National Association of Chain Drug Stores urged Congressional investigators to broaden their ongoing probe of prescription drug counterfeiting to include widespread "diversion" of prescription drugs by Health Maintenance Organizations and "so-called not-for-profit hospitals."

In a letter to House Energy and Commerce Committee chairman John Dingell, NACDS president Robert Bolger charged that "numerous" HMOs and hospitals are taking "unfair advantage" of their exemption from the Federal Robinson-Patman anti-price discrimination law by "purchasing large quantities of pharmaceutical products at a very low price and reselling these items to other sources."

According to NACDS officials, this legal but questionable "diversion" of pharmaceutical products undermines normal distribution channels and may make it easier for Rx drug counterfeiters to operate.

For months now Dingell's House Investigations Subcommittee has been collecting information from the pharmaceutical industry to measure the potential danger of coun-

Continued on page 253

Harco's Harrison named NACDS chairman

By Tim O'Brien

NORTHPORT, Ala. — James Harrison Jr. is the new chairman of the board of NACDS, but his rise to the top is much more than another soda-jerk-to-president saga.

Executive profile

He started his drug store career as Jimmy the soda jerk in his father's Tuscaloosa, Ala., store in 1974. He attended the University of Alabama on a basketball and baseball scholarship and graduated from Samford's pharmacy school in 1955.

Upon graduation, he and his father purchased a second pharmacy in Tuscaloosa. For 12 years, James Jr. ran that profitable little drug store, with the profits allowing the Harrisons to purchase additional stores.

Our strength lies in the fact that we have been able to attract and keep very good personnel.

James Harrison Jr.
president, Harco Drug Inc.

In 1968, the first Harco (for the Harrison company) Super Drug store was opened in nearby Northport. It was a new concept for the company, with no organized plan for growth. "We had no grand plan at that time," Harrison says. "We just had five different pharmacies running independently of each other."

By this time, there were five stores in the company, a self-service discount drug store.

That "grand plan" was conceived in 1970. "We liked the concept we had developed in the Harco store and thought it would be a good base for a solid, organized expansion program."

In the 15 years since 1970, Harrison and his organization have built the company into one of the largest privately held drug store chains in the country.

During those years, the company has opened 50 new Harco Drug stores, 10 carport auto supply stores and 10 Harco Total Care, home health stores. The company has been operating in Mississippi and Alabama and just recently opened a new drug

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News in brief

Walgreen net income jumps 11.9%

DEERFIELD, Ill. — The Walgreen Co. reported that net income for the quarter ended Feb. 28 increased 11.9% to $31 million, or $1.01 a share, from $27.7 million, or 90¢ a share, in the comparable year-earlier period. Sales for the quarter increased 14.8% to $875.3 million from $762.4 million.

For the first six months, net earnings were up 15.8% to $46.6 million, or $1.52 a share, from $40.2 million, or $1.31 a share, a year ago. Sales for the first half increased 15.6% to $1.59 billion, from $1.38 billion.

Earlier results included the sale of equity investments amounting to $966,000 for the quarter and $1.3 million for the half.

Suit filed against Jewel

CHICAGO — A $13 million wrongful death suit has been filed against American Stores' Jewel Food Stores by the husband of a woman who died from salmonella poisoning. Midwest health officials have linked nearly 4,000 reported cases of salmonella poisoning to a dairy owned by Jewel. Two other victims have died from suspected salmonella poisoning.

American sells White Hen Pantry

SALT LAKE CITY — American Stores Co. has completed the sale of its White Hen Pantry division for $55 million to the current management, headed by Robert Robertson, president of the convenience food store chain.

SDM convenience store opens

HALIFAX, Nova Scotia — Shoppers Drug Mart has opened its first convenience food/drug store prototype here. Called Shoppers Drug Mart Food Basket, the 10,000-sq.-ft. store features 1,500 sq. ft. of convenience foods. Shoppers plans to open at least one more Food Basket store this year. Although no location has been disclosed, Shoppers officials indicated that it would probably be closer to its headquarters in Ontario.

Dixon named pres. of Drug Systems

MILWAUKEE — Vincent W. Dixon has been named president and coo of Drug Systems.

Drug Systems is the parent company of the 37-store White Drug Enterprises of Jamestown, N.D., and the Wil-Car H&BA stores based in Portsmouth, Ohio.

Dixon, 42, was formerly executive vp of marketing and sales of Salt Lake City's Select Telephone Technology Inc.

He replaces Wilburn Carrington, who resigned to concentrate on his duties as president of Wil-Car.

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Vol. 7, No. 10 April 29, 1985

American, Southland may buy parts of Trump's Pay 'n Save

SEATTLE — American Stores and the Southland Corp. are among the companies said to be negotiating for parts of Pay 'n Save, which the Trump Group has placed on the auction block.

Sources claim that Sam Skaggs, chairman of American Stores, visited the Pay 'n Save stores in Hawaii and has met with chain officials concerning the 40 to 50 drug stores in the Seattle area.

Southland, owner of the 7-Eleven convenience stores, is reportedly negotiating for Pay 'n Save's Schuck's auto supply stores in order to add them to its Big Chief auto store holdings.

The company's Lamont apparel stores, its most profitable division, appear to have already been sold. Inside sources say the chain has been purchased by Mervyn's of Hayward, Calif. The company would not confirm the sale, but a company officer asserted that "these rumors have been going on for three years."

Three separate brokerage firms are handling the possible divestitures. Kidder, Peabody is handling Schuck's; Salomon Brothers has Bi-Mart drug stores and Goldman Sachs, the Pay 'n Save stores.

Trump Group officials told Drug Store News that "consistent with our strategic plan, it is true that we are considering the possible sale of one or more of Pay 'n Save's companies."

The statement confirms Drug Store News' report last October that Acquicorp., the Trump subsidiary that acquired Pay 'n Save in a leveraged buyout late last year, might sell off the chain's divisions piecemeal. At that time, an analyst noted that Pay 'n Save's "parts are worth more than the whole."

"There's a lot of rumors," says George Bartell Sr., of the Bartell Drug Company of Seattle, "but nothing definitive. The word is out that things will happen two weeks."

Chains remove certain tampons possibly linked to toxic shock

NEW YORK — Drug chains nationwide are complying with a voluntary recall issued by manufacturers of tampons that contain polyacrylate, a highly absorbent substance that may be linked to toxic shock syndrome (TSS).

The tampon products in question are Playtex's Slender, Super and Super Plus, and Tampax's Super Plus.

The recall follows on the heels of an $11 million lawsuit brought against Playtex by a Kansas family whose 21-year-old daughter died of TSS in 1983, allegedly as a result of using a Playtex brand tampon made with polyacrylate.

While the recall leaves several holes on retailers shelves, the consensus is that it will not have a major impact on the market.

"We removed the product from our shelves as soon as we received notice," said Ray Meissner, buyer at Fay's Drug. "The recall went smoothly and we don't expect much of a drop in sales. We've instructed our stores to fill in the holes with existing merchandise until the recalled goods are replaced."

Meissner said that Fay's is giving refunds to consumers who bring in open packages of the recalled tampons.

According to Jim Kyle, buyer at Page Drug in Dallas, the recall did not come close to matching the impact of Procter & Gamble's 1980 recall of its Rely tampon.

"Not too many people are getting excited about it," said Kyle. "Both companies did a good job in notifying the public without any panic."

In Kentucky, the reaction from Begley buyer, Mike Tipton, was much the same.

"We've started the process of pulling the tampons involved and sending them back to the warehouse for credit," said Tipton. "People will just have to buy another brand or another tampon from those manufacturers involved that has a little less absorbency."

In making the decision, a

Continued on page 254

IC to sell Carls and P&C

NEW YORK — Carls drug, the 42-store drug chain based in Rome, N.Y., has been put up for sale by IC Industries.

IC said it has retained the New York-based investment firm of Goldman Sachs & Co. to advise on the possible sale of Carls and P&C Food Markets. IC acquired Carls and the supermarket chain last October when it purchased the Boston-based Pneumo Corp. for $560 million in cash and common stock.

Drug Store News reported that IC was looking to sell Pneumo's food and drug group on March 4, but at that time IC denied that the group was on the block.

According to a Pneumo spokesman, Carls brings in less than 10% of the company's estimated food and drug revenues of $882 million. The rest of those revenues are brought in by Syracuse-based P&C Food's 87 retail supermarkets, 64 franchised Big M Supermarkets and the chain's distribution business, which services about 250 independent groceries.

The other source of Pneumo's $1.2 billion sales is its aerospace and industrial division, which generates 75% of the company's profits, but only 25% of its sales. In 1983, for example, Pneumo's aerospace division accounted for $60.3 million of the company's $81.1 million net profits.

According to an IC spokes-

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